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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 008394

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STATE PASS TO USTR

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TAGS: [PGOV](#) [ETRD](#) [PREL](#) [SCUL](#) [PINR](#) [EINV](#) [ELAB](#) [SOCI](#) [IN](#)

SUBJECT: LEFT RAISES THE STAKES IN CONFRONTATION WITH  
DITHERING CONGRESS

Classified By: DCM Robert Blake, Jr. for Reasons 1.4 (B, D)

1. (C) Summary: On October 27, after a four month hiatus, the Left Front (LF) deigned to meet their Congress coalition partners again in their formal Coordination Committee, but instead of being cowed by their recent pummeling in the press, the Communists were even more combative and rigid, and their obstructionism leeches into new areas such as foreign investment in education. Prior to the conclave, the Left leaders promised to confront Congress on its foreign and economic policies, especially FDI in the retail sector, the GOI vote on Iran in the IAEA and the perceived pro-US tilt in Indian foreign policy. The LF, not content with venting itself in the coordination process, will sponsor nationwide mid-November demonstrations urging the GOI to "vote with Iran" in future IAEA votes and oppose foreign investment in Indian universities. This is Indian political theater at its most craven and non-constructive. The LF is taking advantage of the BJP's self-absorption to ratchet up the rhetoric to scare the Congress, but has no intention of actually bringing down the government. Congress is likely careful and afraid enough to put its own agenda on hold until upcoming state elections determine which direction the political wind is blowing. We should expect few economic and foreign policy initiatives from Congress until domestic political fortunes become clearer after the Bihar poll results are finalized in late November. Until then, the Left will snort and bluster, scaring investors and frustrating Indians who would actually like to see some quicker movement to press ahead with needed reforms. End Summary.

Lots of New Bombast From the Left  
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2. (U) After a four month hiatus caused by their ongoing dispute regarding privatization of the Bharat Heavy Electricals Limited (BHEL), Congress and the Left Front (LF) held a United Progressive Alliance (UPA) coordination meeting on October 27. On the day before the meeting, the LF leadership spelled out an ambitious agenda to confront the UPA. CPI(M) General Secretary Prakash Karat was confident that the process would work well, while CPI National Secretary D Raja maintained disingenuously that "A proper

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discussion and arriving at consensus is a must for the smooth running of the government, which we want to last for a full five years."

Our Beloved Allies the Iranians  
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3. (U) CPI(M) Politburo Member Sitaram Yechury noted that the principal issues irritating the LF were the UPA's foreign policy orientation, "anti-Iran stand," and the proposal to open India's retail market to FDI. Raja hoped that the UPA would change its earlier stance in the IAEA and vote in favor of Iran at the next IAEA meeting on November 24. Forward Bloc General Secretary Debrat Biswas claimed that the LF would demand that the UPA "maintain and strictly follow our independent foreign policy based on the NAM and not tilt toward the US, as the latter is not a reliable ally."

Feeling its Oats, and Spreading the Misery  
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4. (C) More ominously, the Left clearly feels it has Congress cowed enough to start expanding its obstructionist agenda in other fields. The emboldened LF is not content to air its grievances only within the formal coordination process. In a bit of old-fashioned political theater, the left convened a seminar on "India's Independent Foreign Policy" (read: "anti-US") on October 27 and is reportedly planning Iran vote demonstrations for November 13 in Lucknow, Calcutta, Hyderabad and Mumbai, timed to coincide with the reopening of Parliament the week of November 21 (and just in time for the November 24 IAEA session). The CPI and CPI(M) have also launched a new attack against the Commerce Ministry's Doha round proposal to make India more accessible for foreign universities. Our PMO contacts tell us that PM Singh is personally interested in this idea and wants to raise further the quality of Indian education. However, in a statement, the Left warned that the entry of foreign universities into

India will foster "cultural insensitivities" by introducing a curriculum "not aligned with Indian views on Kashmir and the freedom struggle." The left also predicted that such a measure would add to an "urban elitist bias" and poach the best teachers from Indian institutions.

#### Consultations Resume, Enveloped in Threats

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15. (U) At the Consultation Committee meeting, Sonia Gandhi, Prime Minister Manmohan Singh, and Finance Minister Chidambaram, represented Congress, while the entire left leadership, headed by Prakash Karat, attended. As expected, the Left objected to UPA proposals to open retail trade to FDI, saying that the decision was "unjustifiable," as India has no prior commitment to the WTO to do so. The LF also decried the GOI vote on Iran in the IAEA, as a sacrifice of India's "independent foreign policy," and thundered that the UPA "not repeat its mistake" of voting against Iran if the issue again comes up for a vote at the IAEA meeting on November 24. The LF then urged the UPA to support the Women's Reservation Bill and the Scheduled Tribes (Recognition of Forest Rights) Bill in the upcoming Parliamentary session. Congress asked the LF to approve the disinvestment of small portions of government equity in non-profit making public sector enterprises, and for LF support of three bills to amend banking laws and the Pension Bill, currently under consideration by the Parliamentary Standing committee on Finance. The meeting did little to resolve differences, with the UPA agreeing merely to study further the Left's urgings.

COMMENT: Emboldened, But Still Delirious

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16. (C) COMMENT: The coordination meeting was pure political theater. Congress sought to appear cooperative, but will continue to press its agenda, while the CPI(M) is happy to continue to criticize Congress policies without precipitating a mid-term poll that could propel the dreaded BJP back into power. Both Congress and the LF are aware of the unwritten rules of this game and are playing to their respective galleries. As long as the BJP is unable to play the role of a viable opposition, the LF is free to take on Congress across-the-board without fear. India's political class is waiting to see if elections in Bihar will reveal a clear trend. Until that happens, we should not expect dramatic political or economic initiatives. While these supposed coalition partners spar over what ought to be economic no-brainers, a billion people are crying out for needed reform, and the Indian Margaret Thatcher is nowhere to be found. END COMMENT.

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